

EXECUTIVE SUMMARY

Financial Overview

The House Committee on Ways and Means FY 2016 budget proposal balances the responsible stewardship of public funds with meaningful investments in essential services and ensures the Commonwealth is poised to compete in the future. The recommendations laid out in this budget reflect a keen fiscal discipline while also making new investments in Education, Local Aid, Mental Health services, and Housing Stabilization services. The Committee recognizes the importance of responsible spending, but feels strongly that investments must be made to allow Massachusetts to continue to compete and succeed on the national and international level.

The Committee's budget proposes a direct appropriations spending level of \$37.962B, a \$1.024B or 2.8% increase over FY 2015. This statewide funding level will keep the Commonwealth in line with the projected tax growth rate of \$1.172B, or 4.8%, agreed to during the consensus revenue hearings. In addition to tax expenditures, the Committee's budget makes use of \$16.048B of departmental revenues, federal reimbursements, and operating transfers.

In addition to the many meaningful increases included in the proposal, the Committee is limiting growth in certain areas, especially health care, to more sustainable levels. In doing so, the Committee is able to provide adequate levels of funding for other areas of state government. The Committee funds non-discretionary spending commitments, including, the accelerated payment schedule on the unfunded pension liability, funding for MassDOT and the MBTA as a result of Transportation Finance Reform, debt service, and rate increases for human service providers.

The dynamics of the FY 2015 state budget reinforce the notion that the Commonwealth's budget is a fluid document and fiscal discipline is essential to producing a balanced budget. In order to achieve this, the Committee's budget proposal eliminates the use of stabilization funding for the first time since FY 2007 and reduces the Commonwealth's reliance on one-time resources. These fiscally responsible choices will strengthen both the short and long term financial outlook of the Commonwealth.

While the Commonwealth has emerged from the depths of the Great Recession, the budget still faces challenges in providing essential services for all residents of the state. Structural spending requirements and a lack of extraordinary revenue growth, as was seen in previous post-recession periods, make large investments in key areas difficult. Despite these challenges, the Committee's budget makes targeted investments that build upon the steady growth since the Great Recession. The Committee's budget is fiscally prudent and will allow the Commonwealth to continue to invest in its future and serve the residents of Massachusetts.

Local Aid

A vital component of the Commonwealth's budget each fiscal year is the amount of support provided to school districts and municipalities through local aid. Communities throughout the

state provide essential services including education, public safety, infrastructure, and public works that are supported through local aid. The largest share of the aid is distributed through the Chapter 70 funding formula, which supports every school district in financing their annual budget. In FY 2016, the Committee's proposal recommends increasing Chapter 70 aid by \$108.2M, the highest level of support in its history, as well as guaranteeing a minimum increase of \$25 per pupil. The Committee also proposes increasing Unrestricted General Government Aid (UGGA) to the highest funding level since FY 2009. In addition to these substantial investments, the Committee recommends significant increases to other local aid accounts including an \$8.2M increase to the Special Education Circuit Breaker and a \$5M increase to support regional school transportation costs.

- Provides \$4.509B for Chapter 70 K-12 Education Aid
- Provides \$979.8M for Unrestricted General Government Aid
- Provides \$261.7M for Special Education Circuit Breaker
- Provides \$56.5M towards Regional School Transportation

Board of Library Commissioners

Libraries are a central component of each community, providing opportunities for each resident of the Commonwealth to access books, study centers, galleries, and computers. Maintaining a strong commitment towards these invaluable services, the Committee's budget proposal recommends a continued investment in local and regional libraries across the Commonwealth. Furthermore, the Talking Book libraries for the visually impaired, as well as aid towards building and maintaining a strong framework for increasing IT access and availability of eBooks in libraries throughout Massachusetts, receive significant funding in this budget proposal.

- Provides \$9.7M for the Regional Library System
- Provides \$8.8M for State Aid for Municipal Libraries
- Provides \$3M for the Talking Book Programs

Early Education and Care

The Department of Early Education and Care provides early childcare services to children and families in order to ensure the Commonwealth's youngest population receives the care it needs to become successful residents of the Commonwealth. The department provides care to the most vulnerable children, including those referred by the Department of Children and Families and the Department of Transitional Assistance. Services that protect children and educate parents are fundamental in building communities across the Commonwealth. Recognizing the importance of working families and the role that Early Education plays in supporting them, this budget proposal makes new investments in expanding access and ensuring that early education providers are able to provide a high quality of service to the children of the Commonwealth.

- Provides \$221.6M to fully fund Childcare for Children and Families referred by DCF and DTA
- Provides \$253M for Childcare for over 35,000 children from income-eligible families
- Provides \$5M for Waitlist Remediation

- Provides \$5M for Early Education Providers to support quality improvements

Elementary and Secondary Education

The Department of Elementary and Secondary Education is responsible for providing core support to school districts in their mission to educate residents of the Commonwealth, from early learners to high school graduates and beyond. To this end, the Committee's budget recommendation provides key increases to the most critical education accounts, including special education, kindergarten expansion, and regional transportation. Furthermore, important investments are made in developing programs and frameworks for student success in addition to ensuring district accountability in meeting the high education standards of the Commonwealth.

- Provides \$56.5M for Regional School Transportation
- Provides \$18.6M for Kindergarten Expansion Grants

Higher Education

The Department of Higher Education is responsible for supporting students and institutions of higher learning to promote learning, graduation, and workforce development. The Committee's budget recommendation provides a significant investment in the Commonwealth's community colleges, state universities, and the University of Massachusetts, increasing total campus funding by \$22.5M. The Committee increases funding for the state scholarship program demonstrating the importance of maintaining the affordability of a college degree for the success of individuals and the economic future of the Commonwealth.

- Provides \$518M for the University of Massachusetts system
- Provides \$269M for Community Colleges
- Provides \$245.1M for State Universities
- Provides \$94.6M for the State Scholarship Program
- Provides \$4.8M for the STEM Starter Academies

Judiciary

The Judiciary is responsible for upholding the rule of law in Massachusetts, while dispensing justice effectively and efficiently. To assist the Judiciary in its mission, this budget proposal supports the Judiciary's many components, which include the Commonwealth's court system, indigent criminal defense counsel, and civil legal aid. The Committee's budget recommendation recognizes the importance of ensuring justice for all and ensures the Commonwealth's fulfillment of its judicial constitutional obligations.

- Provides \$620.5M for the Trial Court
- Provides \$170.5M for the Committee for Public Counsel Services
- Provides \$17M for the Massachusetts Legal Assistance Corporation
- Provides \$13.5M for the Appeals Court
- Provides \$8.4M for the Supreme Judicial Court

- Provides \$3M for Specialty Courts

Massachusetts State Lottery Commission

The Massachusetts State Lottery Commission is responsible for all Lottery activities within the Commonwealth. The revenue generated from these activities, which include instant tickets, Keno and the Numbers Game, helps fund various essential services and programs throughout Massachusetts. While maintaining fiscal responsibility, the Committee's budget recommendation empowers the Massachusetts State Lottery Commission to generate these critical revenues.

- Provides \$82.8M for the Lottery's Operations
- Provides \$8M for the Lottery's Advertising

State Administration

The state agencies under Administration and Finance are responsible for the internal services and procedures of the Commonwealth. These services include health insurance for state and municipal employees, information technology resources, procurement of various contracts, maintenance of state property, and collection of revenues. The Committee's FY 2016 budget recommendation supports these agencies in carrying out their critical operations while also remaining fiscally responsible.

- Provides \$11.1M for the Department of Capital Asset Management and Maintenance's operations
- Provides \$2.9M for the Human Resources Division's operations

Transportation

The public transportation system across the Commonwealth is paramount to the success and further development of the Massachusetts economy. It is imperative that the transit system promotes a safe, reliable, and accessible commute for all consumers. The Committee's recommendation funds a robust transportation budget that meets the increasing demand for public transportation and maintains core services into the future.

- Provides \$409M for MassDOT
- Provides \$187M for the MBTA
- Provides \$160M transfer for MBTA Contract Assistance
- Provides \$40M for the Regional Transit Authorities

Energy and Environment

Massachusetts possesses a wide array of facilities and resources that allow its residents to utilize and connect with the diverse landscapes throughout the Commonwealth. The FY 2016 budget proposal supports the mission of the six agencies under the Executive Office of Energy and Environmental Affairs to work together in protecting and promoting these natural resources while ensuring the health and safety of the Commonwealth's residents against environmental

threats. The Committee's budget recommendation maintains the programs provided by the Secretariat, allowing for the continued enjoyment of the state's natural resources. The Committee's recommendation also increases funding for the Massachusetts Emergency Food Assistance Program, providing 18.7M meals in FY 2016.

- Provides \$30.3M for the Executive Office of Energy and Environmental Affairs to oversee its six departments while supporting agency wide IT services and the Office of the Environmental Law Enforcement
- Provides \$84.2M for the Department of Conservation and Recreation to maintain the vast network of parks, beaches, dams, and recreational facilities in Massachusetts, including \$1M in new funding dedicated to restoring and preserving our Commonwealth's beaches
- Provides \$58.9M for the Department of Environmental Protection to ensure clean air, water, and land through careful regulation and oversight
- Provides \$26.7M for the Department of Fish and Game to manage and protect the Commonwealth's marine and freshwater fisheries, wildlife species, and plants
- Provides \$12.8M for the Department of Public Utilities to ensure the safety of the Commonwealth's transportation system and gas pipelines while overseeing electric, natural gas, and water utilities

Health and Human Services

The Executive Office of Health and Human Services is responsible for providing critical support to some of the Commonwealth's most vulnerable residents. The Secretariat's departments and agencies provide a vast array of services, including assisting veterans, protecting disabled citizens, caring for at risk children, ensuring senior citizens receive essential services, and providing health care to the needy. The services provided by the agencies of the Executive Office are diverse and crucial to the Commonwealth. The Committee's budget recommendation ensures the Executive Office will be able to continue to provide these varied and vital services in FY 2016.

MassHealth

The Committee's budget recommendation appropriates \$15.33B for MassHealth programs. The Committee's proposal recognizes that double digit growth in MassHealth is unsustainable and without changes, that growth would force reductions in other essential services provided by the Commonwealth. Increasing revenue opportunities, adjusting caseloads, and cash management are critical components of the cost containment strategy included in this budget proposal that will result in \$800M of net savings. The Committee's MassHealth budget also includes targeted new investments in benefits for children and adults.

- Provides \$137M in benefits for children with autism
- Provides \$30M for Infrastructure Capacity Building Grants to Hospitals and Community Health Centers
- Provides \$16M for dentures as part of comprehensive adult dental benefits

Department of Youth Services

As the juvenile justice agency in Massachusetts, the Department of Youth Services provides a comprehensive spectrum of services and supervision for youth committed as juvenile delinquents or youthful offenders. These services address the educational, psychological, and health needs of each youth in the Department's care. Recognizing the effective efforts of improving life outcomes for youth under its supervision, the Committee's budget recommendation continues the prior year investment aimed at serving the increased number of youths in custody and care resulting from the Raise the Age bill. With the investments made by the Committee, the Department will be able to continue its mission of protecting the public and ensuring positive growth in youth.

- Provides \$120.2M for Committed Residential Youth
- Provides \$26.7M for Pre-Trial Detention Programs
- Provides \$23.3M for Non-Residential, Community-Based Programs
- Provides \$3.2M for Enhanced Teacher Salaries
- Provides \$2.1M for the Alternative Lockup Program

Department of Children and Families

The Department of Children and Families works to strengthen families in the Commonwealth and protect children from abuse and neglect by providing residential, adoption, foster care, and guardianship services, as well as family support and stabilization. The funding recommendation also annualizes the increased funding for foster care and group care placements, and supports the expansion of Family Resource Centers. These centers serve as central locations at which families can seek preventative assistance for a multitude of concerns, including substance abuse, poverty, mental illness, and child abuse and neglect. Acknowledging the importance of providing the support children and families need, this budget reaffirms the House's promise of building stable and healthy families.

- Provides \$277.5M for Foster Care, Stabilization, Reunification, and Permanency Services
- Provides \$253.3M for Youth in Residential and Group Homes
- Provides \$7.4M for Family Resource Centers

Department of Transitional Assistance

The Department of Transitional Assistance is dedicated to assisting families and individuals of the Commonwealth to become economically self-sufficient. The Department directs services towards low-income populations to ensure that basic needs are met as they transition into financial stability. The Department provides access to food and nutritional assistance, employment services, and cash benefit programs to those in need. While economic conditions are improving, resulting in less dependency on state assistance for many families, the Committee aims to provide a supportive level of services for FY 2016.

- Provides \$222M for TAFDC Grant Payments

- Provides \$81M for Emergency Aid to the Elderly, Disabled and Children
- Provides \$9.9M for the Teen Structured Settings Program
- Provides \$5M for the Employment Services Program

Department of Mental Health

The Department of Mental Health serves approximately 21,000 adults and children in Massachusetts with severe and persistent mental illness. While providing inpatient services to about 10% of its consumers, a majority of the Department's funding serves the 90% of consumers receiving their services in the community. The Committee's budget recommendation focuses on maintaining community support and placements for the individuals it serves at the same level provided in FY 2015. This budget proposal supports these services for both children and adults, while simultaneously providing for statewide homelessness and forensic mental health services. The importance of inpatient services is also addressed with funding for 671 inpatient beds throughout the Commonwealth.

- Provides \$376.5M for Adult Community Mental Health Services
- Provides \$191.5M for State Psychiatric Hospitals, maintaining funding for the operation of 45 beds at Taunton State Hospital
- Provides \$86.4M for Child and Adolescent Mental Health Services, including \$3.1M for the Massachusetts Child Psychiatry Access Project
- Provides \$22.1M for Statewide Homelessness Services
- Provides \$4M for New Adult Community-Based Placements

Department of Developmental Services

The Department of Developmental Services strives towards the goal of full and meaningful participation in the community for the approximately 32,000 adults and children with intellectual disabilities that it serves in Massachusetts. The Committee's budget recommendation supports both state and vendor operated residential services for individuals living in the community, along with state facilities for those who require additional support. Understanding the benefits of individuals remaining in their own homes, the Committee's recommendation expands access to Adult Family Supports funding for 333 additional families. This budget recommendation also maintains funding for the Children's Autism Medicaid Waiver and Community Based Adult Day and Work programs, while expanding funding for Adult Autism Community Services that will address the needs of a broader spectrum of individuals living with varying degrees of autism.

- Provides \$1.08B for Vendor Operated Residential Services
- Provides \$183.2M for Community Based Adult Day and Work Programs
- Provides \$55.9M for Adult Family Supports that will provide 333 additional families with support in FY 2016
- Provides \$12.4M in new funding for Autism Adult Community Services
- Provides \$5.6M for Autism Support Services, maintaining \$4M for the Children's Autism Medicaid Waiver
- Maintains funding for the FY 2016 Turning-22 class at \$6.5M

Department of Public Health

The Department of Public Health safeguards access to high quality public health and health care for all members of the Commonwealth. Through a diverse array of services, the Department addresses health issues ranging from chronic and infectious disease to environmental health, substance abuse, and violence. Its services are targeted at achieving health equity and wellness across the state. The Committee recognizes and supports the commitment that the Department has made to solidify Massachusetts as one of the healthiest states in the nation, by continuing investments in its effective policies and programs. To combat the rising prevalence of opioid abuse, the Committee preserves funding for proven programs including the Nasal Narcan program, the Prescription Monitoring program, and the Central Intake System. The Committee furthers this commitment through \$10M in new funding to create a Vivitrol Pilot Program, establish a Nasal Narcan and Good Samaritan Public Service Campaign, expand grants to the Massachusetts Opioid Abuse Prevention Collaborative, and provide an additional 150 beds for Transitional Support Services and Residential Recovery.

- Provides \$158M for the Public Health Hospitals to maintain operations of Lemuel Shattuck Hospital, the Mass Hospital School, and Tewksbury Hospital at FY 2015 levels
- Provides \$97.1M for the Bureau of Substance Abuse services to continue the investments made in FY 2015, including a young adult pilot program and the Sober Homes Accreditation Program, and invests \$6.5M into new programs
- Provides \$32M for HIV/AIDS Prevention, Treatment and Services which will help reduce the number of new HIV infections
- Provides \$5.9M for Domestic Violence and Sexual Assault Prevention and Treatment which includes rape crisis centers, refugee and immigrant safety and empowerment (RISE) programs, and LGBTQ outreach
- Provides \$3.9M for the Sexual Assault Nurse Examiner Program (SANE) and Pediatric SANE Programs that delivers medical care and forensic evidence collection to victims of sexual assault.

Department of Elder Affairs

The Department of Elder Affairs is instrumental in aiding seniors in the Commonwealth to remain self-sufficient and connected to their communities. Through a network of Aging Service Access Points and Councils on Aging across the state, seniors are provided with home care and caregiver support, nutrition programs, protective services, and health and wellness services. The Committee's budget recommendation aims to assist the Councils on Aging by increasing the Formula Grant for the first time since 2010 from \$8 per elder per year to \$9, a \$1.3M investment.

- Provides \$104M for the Elder Home Care Purchased Services Program, ensuring no waitlist
- Provides \$70M for the Elder Enhanced Home Care Services Program
- Provides \$12.9M for the Grants to Councils on Aging
- Provides \$5.5M for the Supportive Senior Housing Program

Veterans' Affairs

Massachusetts remains a steadfast supporter of the men and women whose work is to protect the Commonwealth's freedoms. The Committee recognizes the sacrifice veterans and their families have made in the protection of this country and its citizens. With the ongoing return of soldiers fighting abroad, this budget recommendation continues to provide strong support for the core programs that provide assistance to the brave citizens of the Commonwealth who have served our country.

- Provides \$77.2M for Veterans' Benefit Payments
- Provides a combined \$54.7M for Soldiers' Homes in Holyoke and Chelsea
- Provides \$5.2M for Veterans' Homeless Shelters
- Provides \$3.1M for Veterans' Outreach Centers

Housing and Community Development

The Committee's Housing and Community Development budget recommendation preserves existing eligibilities while strengthening proven homelessness prevention programs spearheaded by the Department. A new \$20M investment in cost-effective programs with established track records such as the HomeBASE program, the Massachusetts Rental Voucher Program, and the Residential Assistance for Families in Transition program, will further foster housing stabilization and facilitate diversion from temporary emergency shelter. The Committee proposes a record funding amount for the Massachusetts Rental Voucher Program that will allow for the creation of approximately 737 new mobile vouchers. Housing consumer services and counseling play a vital role in reducing the incidence of homelessness and displacement. In support of this role, the Committee's budget recommendation increases funding for the nine regional Housing Consumer Education Centers operated by the regional nonprofit housing authorities. Moreover, substantial funding is provided to the depleted Housing Preservation and Stabilization Trust Fund to offer affordable housing for low-income families and individuals.

- Provides \$154.9M for the Emergency Assistance Program
- Provides \$90.9M for the Massachusetts Rental Voucher Program
- Provides \$43.2M for Homeless Individuals Assistance
- Provides \$31.3M for the HomeBASE Program
- Provides \$12M for the Residential Assistance for Families in Transition Program
- Provides \$11.5M for the Housing Preservation and Stabilization Trust Fund
- Provides \$2.6M for Housing Consumer Education Centers
- Provides \$1M for New Affordable Housing Development in Urban Areas

Labor and Workforce Development

With a growing economy and job growth, the unemployment rate in the United States and Massachusetts has been on the decline. The Office of Labor and Workforce Development has worked to help bring about these employment gains and will continue to assist in reducing the unemployment levels. The Committee's budget recommendation allows the Office of Labor and

Workforce Development to continue fostering this growth in labor and ensure the Commonwealth has a workforce capable of filling the jobs of today and tomorrow.

- Provides \$9M for Summer Jobs Program for At-Risk Youth
- Provides \$4M for One-Stop Career Centers
- Provides \$2.3M for the Department of Labor Standards
- Provides \$2.1M for the Department of Labor Relations
- Provides \$1.3M for the Massachusetts Manufacturing Extension Partnership

Economic Development

The Committee's budget recommendation furthers the mission of the Executive Office of Housing and Economic Development to create homes and jobs, promote sustainable, long-term economic growth across a gamut of industries within the Commonwealth, and foster a competitive business environment. Substantial investments are made for the development and implementation of programs that advance cross-sector collaboration, empower distressed communities, and provide technical assistance to, or training for, small businesses. One such new investment is the Urban Economic Development Grant Program that provides flexible funding for target workforce populations, including entrepreneurs and small business owners, at-risk youth, and immigrants. Additionally, the Committee supports the Massachusetts Office of Travel and Tourism in its mission to attract in-state and out-of-state tourists to the Commonwealth's cities and towns. The Committee's budget provides funds for the 16 Regional Tourist Councils, allowing for the maintenance and promotion of the variety of historical and cultural attractions throughout Massachusetts.

- Provides \$6.1M for the Massachusetts Office of Travel and Tourism
- Provides \$4.5M for Regional Tourist Councils Assistance
- Provides \$2M for the Urban Agenda Economic Development Grant Program
- Provides \$2M for Small Business Technical Assistance Grants
- Provides \$1.7M for the Massachusetts Office of Business Development
- Provides \$1.2M for the Small Business Development Center at the University of Massachusetts at Amherst
- Provides \$650K for the Community Compact Cabinet Incentive Program
- Provides \$500K for Working Cities Technical Assistance Grants
- Provides \$250K for the Layoff Aversion Assistance Program

Public Safety and Security

The Committee's budget recommendation for FY 2016 has been designed to ensure funding levels that allow all of the Executive Office of Public Safety and Homeland Security agencies and all of the Sheriffs' Departments to continue or expand the current level of services they provide. These agencies perform a variety of services for the Commonwealth, including inspections, investigations, corrections, and the enforcement of laws, codes, and statutes. They are also charged with providing the proper training of the individuals who ensure the safety of

residents. The proposal submitted by the Committee accounts for the various roles of the different public safety agencies accordingly.

- Provides \$599.5M for the Department of Correction
- Provides \$566.1M for the fourteen Sheriffs' Departments
- Provides \$366M for the Department of State Police, including \$5.9M to train a new class of troopers
- Provides \$18.7M for the Parole Board
- Provides \$18.1M for the National Guard, Military Division
- Provides \$12.8M for the Office of the Chief Medical Examiner